



Evaluation



Report

OFFICE OF THE INSPECTOR GENERAL

**EVALUATION REPORT ON THE ADMINISTRATION
OF THE DEFENSE EVALUATION SUPPORT ACTIVITY**

Report No. 96-148

June 7, 1996

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DEPARTMENT OF DEFENSE

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Acronyms

BMIS	Business Management Information System
DESA	Defense Evaluation Support Activity
DTSE&E	Director, Test, Systems Engineering and Evaluation
PMR	Procurement Management Review
SF	Standard Form



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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June 7, 1996

**MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION AND
TECHNOLOGY
DIRECTOR, TEST, SYSTEMS ENGINEERING AND
EVALUATION
EXECUTIVE DIRECTOR, DEFENSE EVALUATION SUPPORT
ACTIVITY**

**SUBJECT: Evaluation Report on the Administration of the Defense
Evaluation Support Activity (Report No. 96-148)**

We are providing this final evaluation report for review and comment. This report addresses our evaluation of the Defense Evaluation Support Activity and allegations of impropriety and mismanagement made to the DoD Hotline and to Congress. Management comments on a draft of this report were considered in preparing the final report. We request that the Executive Director, Defense Evaluation Support Activity, comment on Recommendation 4, relating to filing of Confidential Financial Disclosure Reports, by August 5, 1996. In this final report, we revised the draft report Recommendation 4 based on an opinion by the Office of the General Counsel, DoD.

The results of the related audit on Defense Evaluation Support Activity contract support (Project 6AD-0023) will be provided in a separate report.

We appreciate the courtesies extended to the evaluation staff. Questions on this evaluation should be directed to Mr. Robert K. West at (703) 604-8983 (DSN 664-8983). See Appendix C for the report distribution.

Robert J. Lieberman
Assistant Inspector General
for Auditing

Office the Inspector General, DoD

Report No. 96-148

June 7, 1996

Administration of the Defense Evaluation Support Activity

Executive Summary

Introduction. The Defense Evaluation Support Activity is a DoD organization under the authority, direction, and control of the Director, Test, Systems Engineering and Evaluation, Office of the Under Secretary of Defense for Acquisition and Technology. The Defense Evaluation Support Activity is an independent DoD test and evaluation organization, separate and distinct from other testing activities within the Military Departments. It provides quick turnaround, specialized technology and procedural evaluation to both DoD and non-DoD customers such as the Drug Enforcement Administration, Department of State, Federal Emergency Management Administration, and U.S. Customs Service. It has its own contracting and finance authority, full in-house logistical and communications support, professional engineers and analysts, a security organization, and an on-site contractor base from which to draw additional expertise and resources.

Purpose. The Office of the Inspector General, DoD, inspected the Defense Evaluation Support Activity from June through August 1994 and followed up with site visits and data collection from September 1995 through January 1996. We evaluated how the Defense Evaluation Support Activity determines requirements, plans and organizes resources to meet those requirements, and controls organization processes to implement its mission. Our review included interviews with the Director, Test, Systems Engineering and Evaluation; the Executive Director and personnel of the Defense Evaluation Support Activity; personnel from the Office of the Administrative Assistant to the Secretary of the Air Force and the Air Force District of Washington Civilian Personnel Office; and the Military Department Joint Test and Evaluation Directors. We also surveyed 28 of the Defense Evaluation Support Activity's customers. Our inspection also addressed allegations of impropriety and mismanagement related to the Defense Evaluation Support Activity that stemmed from a congressional inquiry and Inspector General, DoD, Hotline complaints.

Evaluation Results. The Defense Evaluation Support Activity was generally well managed, but we recommend improvements in certain administrative areas. Planning and management controls needed more attention. The Defense Evaluation Support Activity had addressed many concerns initially raised during our evaluation, most notably in strategic planning, information system planning, and position management. Further action was either underway or still required relating to revision of the Defense Evaluation Support Activity's charter, resource determination and allocation, contracted legal services, financial disclosure process, training policy and guidance, cellular telephone requirements, and the Headquarters' office leasing arrangement.

Management Comments. The Executive Director, Defense Evaluation Support Activity, either concurred or concurred in principle with the recommendations and

responded through the Director, Test, Systems Engineering and Evaluation. The Executive Director indicated that the Defense Evaluation Support Activity would comply with Recommendation 4, concerning financial disclosure reporting, if the Office of the General Counsel, DoD, indicated that the intent of the Joint Ethics Regulation section concerning filing financial disclosure reports was to apply to all personnel. See Parts II and III for a discussion of the management comments and Part IV for the full text of management comments.

Audit Response. Comments from the Executive Director, Defense Evaluation Support Activity, were responsive. Based on the Executive Director's comments to draft report Recommendation 4, we requested an opinion from the Office of the General Counsel, DoD, relating to who should file Confidential Financial Disclosure Reports. As a result of the Office of the General Counsel, DoD, opinion, we revised Recommendation 4. In response to this final report, we request that the Executive Director provide comments to the revised Recommendation 4 by August 5, 1996.

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PART I - INTRODUCTION

A. BACKGROUND

The Defense Evaluation Support Activity Mission

The Defense Evaluation Support Activity (DESA) is an independent DoD test and evaluation organization separate and distinct from other testing activities within the Military Departments. DESA is under the authority, direction, and control of the Director, Test, Systems Engineering and Evaluation, Office of the Under Secretary of Defense for Acquisition and Technology. DESA provides quick turnaround (3 to 12 months) specialized technology and procedural evaluation for DoD and non-DoD clients. The DESA non-DoD clients include the Drug Enforcement Administration, Department of State, Federal Emergency Management Administration, U.S. Customs Service, and National Aeronautics and Space Administration.

DESA provides functional support such as personnel, budget and accounting, and contracting to its customers in support of both unclassified and classified programs. DESA has its own contracting and finance authority, logistical and communications support capability, a security organization, and an on-site contractor base from which to draw expertise and resources.

Manpower and Budget

The Air Force serves as the DESA Executive Agent. The Office of the Administrative Assistant to the Secretary of the Air Force, through a memorandum of agreement, provides oversight of manpower and civilian personnel support to DESA. DESA is authorized 132 manpower spaces. Of those spaces, 100 are civilian and 32 are military.

The DESA operating budget was about \$14.5 million and \$15.0 million for FYs 1994 and 1995, respectively. DESA also receives funding from its external client base, about \$102 million in FY 1994.

Executive Director is Dual Hatted

The Executive Director, DESA, also serves as the Deputy Director, Technology and Environmental Protection. The Deputy Director, Technology and Environmental Protection, is one of five deputy directors who report to the Director, Test, Systems Engineering and Evaluation.

B. GOAL, SCOPE AND METHODOLOGY

Goal	Our evaluation goal was to determine the efficiency and effectiveness of the DESA processes and mechanisms for identifying mission requirements, planning and organizing resources to meet those requirements, and implementing internal management oversight and control.
Scope	We evaluated the efficiency and effectiveness of the DESA procurement, information resource management, logistics and supply management, and civilian personnel management programs. We also assessed the adequacy of the DESA internal management oversight processes and mechanisms. The inspection did not assess DESA military personnel management programs or security.
Methodology	We conducted the initial on-site portion of our inspection from June 27 through August 12, 1994. We made a follow-on visit in September 1995 and continued collecting data through January 1996. We interviewed the Director, Test, Systems Engineering and Evaluation; the Executive Director of DESA and other DESA personnel; officials from the Office of the Administrative Assistant to the Secretary of the Air Force and the Air Force District of Washington Civilian Personnel Office; and the Military Departments' Joint Test and Evaluation Directors. We also surveyed 28 DESA customers. We reviewed policies, directives, procedures, financial documents, personnel records, contracting documents, and information resource management documentation.
Other Issues	Our team also addressed allegations of impropriety and mismanagement made to the DoD Hotline and to the Congress. We answered specific allegations directly related to management areas routinely covered in an organizational management inspection in the "Findings and Recommendations" section of this report. We addressed all other allegations in Part III.
Prior Coverage	The Office of the Under Secretary of Defense for Acquisition and Technology and we previously have reviewed DESA. Two reports are summarized in Appendix A.

PART II - FINDINGS AND RECOMMENDATIONS

Overall Results

DESA has many good management processes. Since its last major procurement review conducted by the Defense Logistics Agency, DESA had improved several contract management areas: acquisition planning, reporting of contract and small purchase actions, automation, and workload management. In the logistics and supply management area, DESA had an excellent process for property accountability. Also, we surveyed DESA customers; overall, they were satisfied with the support provided and the ability of DESA to meet established milestones.

Management Actions Taken During Inspection

During the initial phase of our review (June through August 1994), DESA had a series of problems relating to planning and internal management checks and balances. During our follow-on visits and data collection efforts (September 1995 through January 1996), we learned that DESA had addressed many of those problems. Specifically, DESA had taken positive management actions relating to strategic planning, information system planning, and position management.

- During our initial visit, we identified weaknesses in the DESA 1993 Strategic Plan. During our follow-on visit, we reviewed a draft DESA Strategic Plan for FYs 1996 through 2000. The draft plan addressed the principal weaknesses we had identified in the 1993 Plan.
- During our initial visit, DESA did not have an Automated Information System Strategic Plan, as required by DoD Directive 7740.2. During our follow-on visit, DESA provided us with a draft Information Management Resource Plan that covered all applicable elements of information system planning.
- During our initial visit, we noted problems in position management, including low subordinate to supervisor ratios and five branches with five or fewer persons assigned. Subsequent reorganizations corrected those problems by consolidating or eliminating the small branches.

Findings

We identified six areas that require additional management actions:

- the DESA Charter,
- Resource Determination and Allocation,
- Contract for General Counsel Services,
- Financial Disclosure Process,
- Management of Training,
- Cellular Telephone Management, and
- Leasing Costs at Headquarters.

A. DEFENSE EVALUATION SUPPORT ACTIVITY CHARTER

The DESA charter needs revising to reflect the current and future direction of the organization. The existing DESA charter does not reflect the DESA emphasis on rapid turn around and "state of the market" solutions to client requirements. The charter also did not recognize the DoD-wide client base that can benefit from the DESA approach to test and evaluation services.

Existing Charter

The DESA charter is established in a memorandum for the Director, Defense Research and Engineering, signed by the Deputy Secretary of Defense on July 5, 1990. The memorandum defines the DESA mission: "DESA provides planning, test support and evaluation capability to Defense-wide activities of the Under Secretary of Defense (Acquisition) and specifically to the Deputy Director Research and Engineering in the execution of specific test and evaluation responsibilities."

The Charter states that the DESA functions include:

- supporting the Major Range and Test Facility Base;
- performing specific test analyses relating to programmed improvements and upgrades to test and evaluation facilities and concepts that have Defense-wide application;
- providing support to specified test events by maintaining and operating data collection capabilities, analytic systems, and data bases;
- developing and providing necessary planning and budgeting inputs to accomplish the DESA mission;
- maintaining direct communication with DoD and other Government agencies to identify requirements and coordinate use of the DESA evaluation capabilities;
- operating a DoD-warranted contracting activity; and

- determining and assessing requirements for threat systems to support major test programs, coordinating the availability and integration of threat systems to meet Defense needs, and operating, maintaining, and providing configuration management for test essential threat equipment.*

DESA Distinguishing Features

DESA distinguishes itself from other DoD test and evaluation activities by emphasizing rapid response, "state of the market," and priority support to selected clients. Those distinctions are central to the DESA operating philosophy, but are not reflected in the existing DESA charter.

"Rapid response" means that DESA does not undertake large-scale, multiyear test and evaluation projects. While DESA has continuing relationships with some customers that can span several years, the life-cycle of a DESA test and evaluation project is generally 3 to 12 months.

"State of the market" means that DESA emphasizes the application of existing technologies that are available in the marketplace, rather than "leading edge" (and potentially high-risk) technologies.

DESA has adopted an entrepreneurial management approach seeking "selected clients" whose requirements are consistent with current and anticipated DESA test and evaluation capabilities. Planning documents reflect an emphasis on anticipating the needs of the "selected clients" and ensuring that DESA is in a position to meet those needs.

Client Base

DESA obtains its clients and workload through several means including officials from the Under Secretary of Defense for Acquisition and Technology, particularly the Director, Test, Systems Engineering and Evaluation, and his Deputy Directors. Other workload is generated by previous clients, by "word of mouth," and solicitations during test and evaluation-related conferences. Also, about 20 percent of the DESA mission requirements support Joint Test and Evaluation projects.

*The Executive Director, DESA, said the charter would soon be revised to delete all references to threat systems and threat equipment.

DESA also supports non-DoD customers, including the Department of Transportation, the Federal Emergency Management Administration, the Vice President's National Performance Review, and various state and federal law enforcement agencies. DESA officials cited examples of how DoD benefits from supporting these projects. For example, a technology developed for a project in support of the Federal Emergency and Management Administration also met the requirements of the National Guard Bureau, a DoD customer. The technology was made available to the National Guard Bureau at no cost.

As indicated, the existing charter definition of the DESA client base as "Defense-wide activities of the Under Secretary of Defense (Acquisition)" does not adequately describe the breadth of the client base.

**Charter Revision
Needed**

The DESA charter should be revised to reflect the current and future direction of DESA, including recognition of the broader client base that can benefit from the DESA approach to test and evaluation services. The existing charter definition of the client base as "Defense-wide activities of the Under Secretary of Defense (Acquisition)" may limit the potential application of DESA expertise. Management may wish to issue the updated charter in the form of a DoD Directive or Instruction.

Recommendation 1

We recommend that the Executive Director, Defense Evaluation Support Activity, prepare and submit to the Director, Test, Systems Engineering and Evaluation, a revised charter for the Defense Evaluation Support Activity.

**Management
Comments**

The Executive Director, DESA, concurred. A request to establish DESA by DoD Directive is in the OSD coordination process. After approval, the Executive Director will request that DESA be designated as a DoD Field Activity or an equivalent in the DoD Directive. DESA provided an anticipated completion date of September 30, 1996, for issuance of the DoD Directive, which will contain the revised charter.

B. RESOURCE DETERMINATION AND ALLOCATION

Identification of Manpower Resources and Position Management

The DESA process for determining its manpower requirements needs improvement. Manpower documents did not contain justifications for authorized and assigned strengths. Instead, DESA relied on undocumented, informal assessments by senior managers to match workload to staff requirements.

The manpower guidance from the Under Secretary of Defense for Personnel and Readiness specifies that manpower requirements be based on approved requirements' determination methodologies. Organizations are to be reviewed, at least annually, to identify program objectives and the projected manpower needed to achieve those objectives. DoD Instruction 5010.37, "Efficiency Review, Position Management, and Resource Requirements Determination," states that "DoD Components shall manage, provide resources, and evaluate activities based on output performance requirements and standards. The efficiency review process shall be the basis for continued and directed efforts for productivity, performance, efficiency and effectiveness improvement."

The DESA authorization of 132 billets was initially established in July 1990. We were shown manpower documents that provided authorized and assigned strengths; however, those documents did not contain justifications to support those strengths. Discussions with senior DESA officials revealed that DESA does not perform formal internal validations of its manpower, but relies on informal assessments by senior managers to match workload to staff requirements. DESA does not document those assessments.

DESA has an Inter-Service Support Agreement with the Office of the Administrative Assistant to the Secretary of the Air Force and the Air Force District of Washington to provide civilian personnel and manpower support. The Air Force has conducted three reviews of DESA since December 1990. The reviews in December 1990 and February 1991 were organization and position classification reviews. The June 1993 review was performed to learn more about the DESA mission and organization. The June 1993 review recommended a complete position classification survey of DESA during the summer of 1994. While a comprehensive survey has not been performed, some DESA positions have been examined recently. For example, the Acquisition Directorate was reviewed in February 1995.

**DESA
Reorganizations
Address
Manpower Issues**

The Executive Director has reorganized DESA and realigned functions several times since July 1990, citing the need to become more responsive to its clients and the general reduction in DoD staff and grade levels. Those actions reduced the number of positions and consolidated or eliminated several small branches. New directorates were created to focus on specific types of projects such as sensors and platforms, applied technologies, and advanced concepts.

The thrust of the organizational changes appear to be consistent with the draft DESA strategic plan, but the documentation of underlying rationale and decision process was not available. Position classification reviews and revisions to mission and function documents have lagged behind the reorganizations. The Executive Director's focus on rapid response to customer requirements and the entrepreneurial philosophy of DESA may make it difficult to keep manpower documents current, but we believe greater attention to this area is required. Reliance on institutional memory is not a substitute for recording the basis for decisions, especially when the agency must anticipate turnover among the management staff, either through departure of personnel or changes in duties.

Recommendation 2

We recommend that the Executive Director, Defense Evaluation Support Activity:

a. Document the basis for the current assignment of missions, functions, and staff to the various Defense Evaluation Support Activity components, including the expected workload and skill requirements.

**Management
Comments**

The Executive Director, DESA, concurred. The DESA Organization and Functions Chart Book provides the basis for current assignment of mission, function, and staff. DESA is currently working on a "model" for estimating manpower requirements, including skill mix, based on projected workload, and will develop baseline manpower requirements as of September 30, 1996.

b. Develop an organizational process that routinely updates that data as changes occur and periodically solicits independent validation through manpower and position classification reviews.

**Management
Comments**

The Executive Director, DESA, concurred. The DESA Resource Management Council, comprised of the DESA Directors, serves as a centralized review body for resource utilization and allocation requirements. Additionally, DESA will request that Secretary of the Air

Force Office of the Administrative Assistant provide bi-annual independent manpower reviews to validate the Resource Management Council's actions.

C. CONTRACT FOR GENERAL COUNSEL SERVICES

DESA contracted for legal services for 10 months during the absence of its General Counsel. The contracted legal services cost more than \$197,000 and some of the work performed involved "inherently governmental functions." The situation existed because DESA underestimated its demand for legal services and did not adopt a different approach for obtaining general counsel services when it became apparent that the requirement had grown.

Contracting for Legal Services

From August 1993 through June 1994, DESA contracted for legal services to cover the absence of its General Counsel while he was taking long-term training. DESA attempted to arrange for legal support from the Kirtland Air Force Base Judge Advocate, but was unable to reach an agreement. DESA cited excessive financial demands by Kirtland for equipment, training, and travel of more than \$90,000, as the reason it was unable to use the Judge Advocate. DESA then began to investigate contracting for a counsel with a Top Secret clearance to work approximately 4 hours per week (25 hours per month). The Director of Resource Management said three candidates were interviewed who met this criteria. However, no documentation existed in the purchase order files that provided evidence of this competition.

Contract Legal Fee Exceeded \$197,000

DESA contracted for General Counsel services with nine small purchase orders under \$25,000. Of the nine purchase orders, two were for \$24,705; one was for \$24,545; four were for \$24,204; one was for \$16,692; and one was for \$9,848 for a total of more than \$197,000. DESA stated that the demand for legal services exceeded the original estimate and conceded that it should have adopted a different approach for obtaining general counsel services when it became apparent that the requirement had grown.

Cost Effective Alternatives Available

While the original justification for contracted services was based on an anticipated demand for 25 hours of services per month, we found the contracted counsel was working approximately 35 to 40 hours per week. The billing rate was about \$157 per hour given the hours worked and the total funds expended (\$197,000). Compared with the \$90,000 cost estimate for legal support from Kirtland Air Force Base, the contract effort reflects poor management and was uneconomical for the Government. Hiring a temporary employee could have reduced the cost to the Government. The salary range for a GS-14 is from \$56,627 to \$73,619 annually per the

January 1994 Proposed Salary Table for Federal Employees. Hiring a GS-14 on a temporary basis would have been a more economical business management decision.

*General
Counsel
Services
"Inherently
Governmental"*

The contracted counsel performed some "inherently governmental functions." The statement of work used to obtain the contracted legal services was essentially a restatement of the position description of the civil servant General Counsel. The Government routinely contracts for legal advice and legal services on a wide range of issues. However, the comprehensive nature of the services provided in this case, combined with the lack of oversight of the performance of those duties by an attorney who was a Government employee, is difficult to reconcile with guidance from the Office of Federal Procurement Policy on "inherently governmental functions." Policy Letter 92-1 describes activities that are considered inherently governmental, as well as those activities that "may approach" being inherently governmental. The latter group, which includes "providing legal advice and interpretations of regulations and statutes to Government officials," should be subject to "additional control measures" to ensure that the public interest is adequately protected.

Elements of the General Counsel's duties qualify as inherently governmental in their own right, including serving as the agency ethics official and representing DESA in consultation with attorneys for both Government and private businesses. Clearly, DESA should have, as a minimum, imposed control measures on the performance of this contract. By all accounts, the contractor was treated as though he was a member of the DESA staff; until recently, he continued to serve in the role of acting General Counsel when the General Counsel was away from his duties.

**Defense Legal
Services Agency**

During our review, we noted that the DESA civilian General Counsel is not a member of the Defense Legal Services Agency. Pursuant to DoD Directive 5145.4, the legal staffs assigned to Defense agencies and field activities should be part of the Defense Legal Services Agency. Defense Legal Services Agency attorneys act under the authority, direction, and control of the General Counsel, DoD. Given the ambiguity of DESA's organizational status, it has not been clear whether the DESA legal staff is required to be part of the Defense Legal Services Agency. The DESA organizational charter is addressed elsewhere in this report. Regardless of whether DESA is termed a Defense Agency or field activity in its updated charter, we believe it would be in the best interest of DESA to have Defense Legal Services Agency support.

Recommendation 3

We recommend that the Executive Director, Defense Evaluation Support Activity:

a. Limit the provision of legal services by contractors or subcontractors to tasks that can be supervised by a qualified Government attorney and cease permitting a non-Government attorney to substitute for the Defense Evaluation Support Activity General Counsel.

**Management
Comments**

The Executive Director, DESA, concurred. DESA has ceased contracting for General Counsel services and is arranging for an attorney assigned to Kirtland Air Force Base Legal Office to assist the General Counsel as-needed. Additionally, current DESA policy does not allow substitutes for the General Counsel, DESA, in his absence.

b. Initiate the necessary steps to make the General Counsel position part of the Defense Legal Services Agency.

**Management
Comments**

The Executive Director, DESA, concurred. When DESA is chartered as a DoD Field Activity or an equivalent, he will implement DOD 5145.4 with respect to the General Counsel, DESA, position.

D. FINANCIAL DISCLOSURE PROCESS

Compliance With Joint Ethics Regulation

The DESA financial disclosure process did not ensure that procurement officials are completing the Confidential Financial Disclosure Report, Standard Form (SF) 450. Also, DESA was not retaining financial disclosure information on non-DESA personnel involved in the procurement process.

DoD Directive 5500.7-R, "The Joint Ethics Regulation," requires that GS/GM-15s or below and military members below the grade of O-7 complete a SF 450 when the official responsibilities of such DoD employees require them to participate personally and substantially through decision or exercise of significant judgment in:

- taking an official action for contracting or procurement;
- administering or monitoring grants, subsidies, licenses, or other Federally conferred financial or operational benefits; and
- regulating or auditing any non-Federal entity or other activities in which the final decision or action may have a direct and substantial economic impact on the interests of any non-Federal entity.

During our initial visit, we reviewed files on 23 positions identified as required to complete the SF 450 to determine whether DESA had SF 450s on file. Of the 23 positions sampled, 15 (65 percent) did not have them on file. Further, 3 of the 23 (13 percent) positions that required a SF 450 did not have financial disclosure identified in the position descriptions. DESA said that the forms had been completed and reviewed by the respective supervisors, but had not been reviewed by the General Counsel (who is also the Agency Ethics Official).

We also reviewed SF 450 filing data for 61 personnel identified as subtask officers. The DESA Guide for Subtask Statement Procedures, May 13, 1993, identifies a subtask officer as an individual who has focused responsibility for monitoring contractor performance. We believe responsibility for monitoring contractor performance should lead to a requirement to file a financial disclosure statement. Of the 61 subtask officers, 20 are DESA employees. Eleven of the DESA subtask officers (55 percent) had not filed a SF 450. In addition, DESA does not know who is responsible for the SF 450 financial reporting requirements of the 41 non-

DESA employees performing subtask officer duties on its contracts. Because DESA did not have SF 450s for the 41 non-DESA employees, it was unable to determine whether any of those subtask officers had financial interests that created actual or apparent conflicts of interest.

**DESA Disagrees
With Our Position
on Financial
Disclosure**

DESA did not agree with our position that broader filing of financial disclosure reports is appropriate or that DESA should retain financial disclosure information on non-DESA personnel involved in the procurement process. With respect to its own personnel, DESA cited Office of Government Ethics and DoD guidance that said that agencies should exclude from filing employees who are subject to a substantial degree of supervision or whose duties make the possibility of a conflict of interest remote. DESA described the duties of subtask officers as administrative, not requiring the exercise of significant judgment. DESA noted that the "Joint Ethics Regulation" provides for review of financial disclosure forms by the employee's supervisor and local ethics counselor. Thus, DESA said that its retention of the forms would violate privacy protections.

DESA subtask officers' role in validating contractor performance neither appears to be "administrative" nor does the level of supervision appear "substantial." We acknowledge that the DESA client is responsible for assessing whether one of its employees has an actual or apparent conflict of interest. However, when DESA performs contract management duties, we believe DESA should be aware of financial interests that may present a conflict. Retaining a copy of the form filed with the parent agency would be an "official use" and is not precluded by the Privacy Act.

**Revised
Recommendation**

As a result of management comments and an opinion from the Office of General Counsel, DoD, we revised draft Recommendation 4.

Recommendation 4

We recommend that the Executive Director, Defense Evaluation Support Activity:

a. Review Standard Form 450 filing requirements for all personnel who participate in contract management functions.

b. Review Standard Form 450 for subtask officers not assigned to the Defense Evaluation Support Activity and determine whether a potential conflict of interest exists.

**Management
Comments**

The Executive Director, DESA, concurred in principle with the draft report recommendation for DESA to ensure that all personnel who participate in contract management functions, including subtask officers not assigned to DESA, have a SF 450 on file with DESA. He stated that DESA is not responsible for the filing or retaining of SF 450s by individuals not assigned to DESA, citing paragraph 7-300 of the Joint Ethics Regulation. Additionally, he said that DESA has exempted most of its subtask officers from filing SF 450s based on paragraph 7-300(b), which allows individuals or categories of individuals to be excluded from filing requirements if it is determined the likelihood of impairment to the integrity of the Government is remote or if there is adequate supervision and review of the employee's work. He stated, however, that he would comply with the recommendation if the Office of General Counsel, DoD, indicates that the intent of the Joint Ethics Regulation paragraph was to apply to all personnel.

Audit Response

Based on the Executive Director, DESA, response, we asked the Office of General Counsel, DoD, for an opinion on whether it is appropriate for DESA to exempt subtask officers who are DESA employees from filing SF 450s under the provisions of Joint Ethics Regulation, paragraph 7-300(b). Also, we asked the Office of General Counsel whether it is necessary or appropriate for DESA to retain on file a copy of a SF 450 filed by a subtask officer who is employed by another agency or should DESA, at a minimum, review the SF 450 of a subtask officer employed by another agency where that SF 450 is retained by the parent agency.

**Office of General
Counsel, DoD,
Comments**

The Office of General Counsel stated that a Component head or designee may exclude employees from SF 450 reporting based on the intensity of the supervision of the employee, level of discretion of the employee, grade of the employee, and significance of the employee's actions on the interests of the outside party. However, the Office of General Counsel stated that a brief review of agencies indicated that most employees in positions comparable to subtask officers file SF 450s. The Office of General Counsel opinion also stressed that disclosure is in the best interest of both the agency and the employee. The Office of General Counsel further stated that the agency for which an employee is performing duties has a legitimate interest in the employee's financial interests and that disclosure of the SF 450 is appropriate to that agency.

Audit Response

The Office of General Counsel's opinion makes it clear that ultimately DESA has the authority to exempt subtask officers from filing SF 450 reports. However, because

filing a SF 450 is in the best interest of both the agency and the individual, we ask the Executive Director to reconsider his position and provide comments to the revised Recommendation 4. in response to this final report.

E. MANAGEMENT OF TRAINING

DESA needs to strengthen management controls over the use of its training funds. Greater senior management attention to and enhanced guidance relating to the use of training funds should improve the use of these funds.

Review of Training Activity

Training and development of personnel assigned to DESA are important parts of the organization's effort to be responsive to its clients, now and in the future. In addition to development of skills needed to perform current tasks or to prepare for anticipated tasks, DESA uses staff participation in symposia and conferences to advertise the capabilities of the organization. We examined DESA training activity to determine whether management controls are adequate to ensure that training funds are spent for high priority requirements and whether they detect and correct abusive or wasteful practices.

We reviewed the DESA training records for FYs 1992 through 1994 and later examined the FY 1995 records. In the 1992 through 1994 records, we found questionable out-of-town training courses. Some trainees with many years of service traveled for what appeared to be elementary level skills. Others traveled for training when an alternative training source was available near their permanent duty station. We brought our concerns to the attention of DESA management after our initial visit and noted fewer questionable out-of-town courses in the 1995 records. Our review of DESA training also identified courses with limited relevance to the DESA mission, such as college courses in corporate finance and macro-economic theory and a course in "executive protection/anti-kidnap driving."

Examples Extracted from the FY 1995 Records

The following examples from the FY 1995 training records illustrate the need for greater senior management attention to the use of training funds. The examples account for 29 percent of the approximately \$157,000 spent for tuition and training-related travel in FY 1995 and 14 percent of the 190 training events we examined. The 18 employees involved in the cited training events also attended other training that, when added to the cited events, accounts for 40 percent of DESA training expenses in FY 1995.

Five DESA employees attended six different 1-day or 2-day seminars on developments in procurement. One employee attended three such seminars over 7 months. The total cost was \$8,200.

Seven employees in one DESA division attended a 1-day seminar on business writing, at a cost of \$664 per person. The total cost was \$4,648.

Four employees in another DESA division attended a 4-day course on executive protection and anti-kidnap driving. The total cost was \$12,488.

One employee attended a 5-day seminar and a 10-day seminar in Denver, Colorado, and two college courses at DESA expense. The total cost was \$13,447.

One employee attended five human resource management courses over 6 months, for a total of 31 training days. The total cost was \$6,410.

DESA noted that attendance at seminars and conferences is an important part of its effort to advertise to current and potential customers about DESA capabilities and accomplishments. The Executive Director also said that he believes training is an important part of developing a DESA work force that can adapt to future demands. He also cited the need for specialists to stay current in their career field, even though the specific course may have limited benefit to DESA. While he acknowledged the potential for problems in perception, he felt that existing controls on training, including a recent requirement for senior staff level approval for all travel orders, are sufficient to meet the needs of DESA.

We agree that training can benefit the organization and the employee; however, existing controls over travel at DESA are not adequate. The examples from the 1995 training records raise questions about the number of training events individual employees attend, alternatives available when multiple employees need the same training, and the concentration of training expenditures among a relatively small subset of the total staff.

Recommendation 5

We recommend that the Executive Director, Defense Evaluation Support Activity:

a. Provide specific guidelines to senior staff regarding the type and amount of training that are consistent with the Defense Evaluation Support Activity mission and on the factors that will justify travel for training when a local alternative may be available.

**Management
Comments**

The Executive Director, DESA, concurred, stating that the guidelines for training will be reaffirmed and oversight of training funds will be strengthened. DESA

revised the structure of its training program to make Directors responsible for approval of all training (type and location) of their individual staffs.

b. Establish management controls to ensure guidelines are followed.

**Management
Comments**

The Executive Director, DESA, concurred. He and the DESA training officer will randomly spot check and review all training requirements. He will resolve any issues.

F. CELLULAR TELEPHONE MANAGEMENT

DESA was taking action to improve its process for validating equipment requirements for cellular telephones and monitoring and controlling their acquisition and use. DESA was preparing a communications resource plan that will require that a needs assessment be performed to assess the current requirement for cellular telephones and that excess equipment be disposed of.

Results of Initial Review

During our initial visit, DESA needed to improve its process for validating equipment requirements for cellular telephones and monitoring and controlling their acquisition and use.

To understand the DESA requirement for cellular phones and how they are used and controlled, we interviewed managers of the Logistics Division and the DESA Communication Manager. We also reviewed cellular telephone billings from August 1993 through July 1994. In addition, we evaluated the DESA Management Control Program, which assigns a level of risk commensurate with the potential for misuse or mismanagement. The evaluation of potential risk is expressed in assessable units and is part of an organization's Management Control System. In its Management Control Program assessment, DESA rated its cellular telephone process as having a medium risk.

An adequate process governing the identification of the requirement, use, and control of cellular telephones for an organization should ensure that cellular telephones are procured to meet the needs of the organization; governed by policy, which clearly identifies when cellular telephone use is appropriate; used for official purposes only; and governed by an internal control process that routinely checks for compliance with established policies.

Cellular Telephone Requirements

Our initial review showed that the number of cellular telephones purchased and their use and control was a problem area for DESA. DESA managers explained that cellular telephones are required to support its varied customer requirements. We agree that cellular telephones do provide a capability that can complement the DESA mission requirements; however, we found that 23 percent of the 91 cellular telephones procured were not used at all from August 1993 through July 1994. As a result, we concluded that the DESA requirement for cellular telephones was overstated.

**Draft
Communications
Resource Plan**

A draft DESA communications resource plan, a component of the DESA strategic plan, recognizes the need to assess the current requirement for cellular telephones and other equipment. The plan indicates that a needs assessment will be accomplished and that excess equipment will be disposed of. This plan, if implemented, answers our concerns about excessive cellular telephones.

**Process to Monitor
or Control Abuse
of Cellular Phones**

A key element of assessing how DESA controls the use of cellular telephones was to evaluate the policy governing cellular telephones, the management controls DESA used to check for abuse of cellular telephones, and the DESA employees use of the telephones. Although DESA had a policy in place that governed the use of cellular telephones, our initial review showed that DESA had no management process to routinely review cellular telephone bills for instances of abuse. Such a process has been developed now, a series of internal regulations has been drafted, and the Executive Director has taken aggressive action on repeat offenses identified through review of cellular telephone bills.

Recommendation 6

We recommend that the Executive Director, Defense Evaluation Support Activity, complete the requirements review described in its draft communications resource plan and take appropriate action to dispose of excess equipment identified through that review.

**Management
Comments**

The Executive Director, DESA, concurred. The requirements review has been completed, and excess equipment has been identified and turned in for disposal.

G. LEASING COSTS AT HEADQUARTERS

The DESA leasing arrangement at its Washington Headquarters location is uneconomical and impractical because the number of Headquarters personnel is being reduced through downsizing, relocation, and shifting in responsibilities. Also, DESA may be paying too much for office space at the existing location. DESA could realize cost savings by relocating its Headquarters office to smaller and less expensive office space.

DESA Locations

DESA consists of a Headquarters office in Falls Church, Virginia, and an operating activity in Kirtland Air Force Base, Albuquerque, New Mexico. The Headquarters office consists of a staff of 12 who primarily perform liaison and "business development" roles. A primary benefit of the current location of the Headquarters office is that the senior leadership of many DESA customers are in the Washington area. The remainder of the DESA staff, about 120 individuals, are at the Kirtland location.

Changing Circumstances Warrant Re- evaluation

During several reorganizations over the past few years, DESA has reduced its Headquarters office to its present size of 12. Also, DESA plans additional staff reductions at Headquarters due to the planned relocation of four or five staff members to a facility in another state to work on a continuing project. In addition, until recently, the Director, DESA, spent most of his time at the Headquarters location. However, he now plans to spend 50 percent or more of his time at Kirtland.

A smaller Headquarters staff will also be feasible because Headquarters' management responsibilities are diminishing in certain areas. For example, the Headquarters had significant responsibility for managing contract subtasks on the DESA omnibus contracts relating to work supporting the Director, Test, Systems Engineering and Evaluation (DTSE&E). However, the omnibus contracts are nearing completion and the DTSE&E support will be performed under a new contract that the Headquarters staff will not be responsible for monitoring.

The leasing costs of the DESA Headquarters office appear to be excessive. DESA pays \$36 per square foot per year, which will amount to more than \$200,000 in FY 1996. DESA has been concerned about the leasing costs and has considered other leasing arrangements. Based on the changing circumstances impacting the size of the Headquarters staff and the cost of the leased

office space, we encourage DESA to continue to actively pursue a more economical and appropriate leasing arrangement.

Recommendation 7

We recommend that the Executive Director, Defense Evaluation Support Activity, relocate the Headquarters office to smaller, more economical office space that is consistent with the reduced Headquarters staff.

**Management
Comments**

The Executive Director, DESA, concurred. The DESA Washington office is expected to be relocated to smaller, less expensive space by October 1, 1996.

PART III - OTHER ISSUES

In this section, we address the eight allegations of impropriety and mismanagement made to the DoD Hotline and the Congress. The allegations were addressed as part of our initial review and during followup inquiries to DESA. Issues that could be addressed during the application of our normal review methodology are answered in Part II, "Findings and Recommendations."

Most specific allegations involve management decisions and organizational practices that took place within DESA from 1986 through 1993. We examined the available information on the allegations and the management processes in place to address similar issues in the future.

**Allegation 1:
Reorganization to
Create Promotion
Opportunities for a
Specific DESA
Employee**

DESA reorganized to create a promotion opportunity for a specific employee. In May 1991, DESA abolished two directorates involved in contract management and replaced them with a single directorate, the Contract Management Center. The focus of the allegation is on whether this constituted special treatment for any employee.

Evaluation Results

Not substantiated. We reviewed the promotion process used to select the Director, Contract Management Center. Further, we evaluated the process to determine whether actions were in compliance with the direction provided by the merit promotion process. We found that the process developed to evaluate candidates for the position involved a four-person DESA panel. The panel used a crediting plan to assign scores and to identify the top six candidates for the position. The employee selected was listed as the top candidate.

We found instances when the DESA management should have initiated personnel actions or failed to initiate actions in a timely manner. However, such occurrences are not unusual in DoD organizations given the inherent challenges in working a simultaneous reorganization effort and personnel action. The reorganization of two directorates into one effected streamlining contract management activities. After evaluating both the reorganization effort and the history of promotion for the individual concerned, we concluded that the DESA reorganization was not initiated to provide a promotion opportunity for one specific DESA employee.

**Allegation 2:
Overgrading of
Two Program
Analyst Positions**

The positions of two GS-13 Program Analysts were overgraded.

Evaluation Results

Substantiated. The position descriptions of the Program Analysts, GS-343-13, were established December 31, 1991. Both descriptions describe extensive program analysis work requiring unique, one-of-a-kind, in-depth program analyses and program integration analysis for DESA and its customers. Each position description includes personnel duties such as staffing, classification, performance management, and training. The grade-controlling duty of each, however, is the program management work. The operational personnel duties described did not appear to be GS/GM-13 level work.

Interviews with the incumbents of the two positions revealed they were only performing personnel functions such as classification and performance management. Based on the duties being performed, these two positions were overgraded. During our inspection, we recommended that DESA managers initiate action to rewrite and reclassify these positions.

**Management
Actions**

DESA stated that when the Program Analysts positions were established, management envisioned that the incumbents would perform the duties described in the position descriptions, which included program analysis and program integration analysis, in addition to the personnel duties. DESA did not anticipate that the personnel workload would increase and become the predominant part of the job, thereby rendering the analysis work secondary. Accordingly, the duties and responsibilities of the two positions have been realigned, resulting in the downgrade of one GS-343-13 to as GS-343-12. The second individual now occupies a position as the Human Resources Officer with a significant expansion of responsibilities. The incumbent has had a classification review resulting in a GS-301-13 series and grade determination.

The actions taken by DESA are responsive to our recommendation.

**Allegation 3:
Seeking a Minority
Business Partner
to Front for a Non-
Minority Company
to Circumvent
Competition Laws**

A specific minority contractor had been asked by the Defense Test and Evaluation Support Agency (the predecessor organization of DESA) to "front" for a majority-owned company. According to the allegation, the purpose of the "front" was to circumvent competition laws.

Evaluation Results

Not Substantiated. We interviewed the minority contractor, who was allegedly contacted about 5 years ago. Although the contractor said he had been approached to "front" for a company, he did not know by whom or for what company. After a lengthy interview, he was unable to provide any evidence to substantiate this allegation.

**Allegation 4:
Military Personnel
Retiring From the
DESA Seek
Employment With
the DESA
Contractors**

"There are many instances of DESA military members and personal friends being given jobs with one of [the DESA support] contractors upon leaving military service."

Evaluation Results

Not substantiated. We found that two military retirees were hired by Southwest Engineering Associates, a DESA support contractor, shortly after they retired from active duty after serving with the DESA.

One military member retired from active duty July 1, 1994, after serving with DESA and received General Counsel approval before obtaining a job with Southwest Engineering Associates. The individual also complied with DoD 5500.7-R, "Joint Ethics Regulation," and filed a Letter of Disqualification while seeking employment with Southwest Engineering Associates. Through the disqualification process, the military member disqualified himself from participating in any action that would influence the selection, recommendation, or approval of any financial matter involving any DESA support contractor.

The other military member retired September 30, 1992, and was hired by Southwest Engineering Associates on October 21, 1992. We found no documented evidence that the military member coordinated with the General Counsel or was required to do so pursuant to the Joint Ethics Regulation. We were unable to reach a conclusion regarding the propriety of the second military member's employment with

Southwest Engineering Associates. However, we found no basis for the assertion that in "many instances," DESA military members improperly sought employment with DESA contractors upon leaving military service.

**Allegation 5:
Hiring of Former
Military Members
as DESA Civilian
Employees**

"Some of these placements [with DESA support contractors] have been temporary, while DESA was in the process of hiring these individuals [retired military members] as Civil Service employees."

Evaluation Results

Not substantiated. Between September 1991 and July 1994, seven military members working at DESA retired from military service. At the time of our inspection, none of those seven employees had been hired as civil servants at the DESA.

We also found that the DESA has eight military retirees working as civil servants. All but one of them was hired in 1989 or earlier by the Defense Test and Evaluation Support Agency, predecessor to DESA. The one exception, hired in 1992 from a position with the Defense Nuclear Agency, had been retired from the military for more than 10 years before he was hired by DESA.

**Allegation 6:
Unofficial Use of
Official Computers**

"DESA employees are frequently reminded by management that they should not use computers for games. However, games continue to reside on many DESA computers and no disciplinary action is ever taken by management."

Evaluation Results

Substantiated. To evaluate the allegation and to determine the control DESA exercises over its computer software, we sampled the software loaded on three computers. We also asked DESA for a list of software authorized for use on its computers. All three systems sampled had software that was not on the DESA-provided list of authorized software.

DESA was not monitoring software loaded on its equipment to ensure compliance with its policy, and we brought this matter to the attention of DESA management.

**Management
Actions**

DESA has taken corrective action, including a 100-percent equipment scan for unauthorized software. The actions taken by the DESA adequately address our concerns.

**Allegation 7:
Travel Abuse by a
Senior DESA
Manager**

A GM-15 was "using official government travel orders to go to California on personal visits (his family is still living there)."

Evaluation Results

Not substantiated. We reviewed the DESA travel orders; the results of interviews conducted by the Inspector General, DESA, during a previous inquiry into this matter; and other relevant documents. We found no evidence to support the allegation of wrongdoing on the part of the senior manager.

**Allegation 8:
Inappropriate
Support to DESA
Clients**

A DESA information system is used for inappropriate purposes.

Evaluation Results

Partially substantiated. DESA has a contractor-operated Business Management Information System (BMIS) that is used for, among other things, research into publicly available information relevant to DoD programs. For example, DESA might task the BMIS contractor to search commercial data bases and Internet sources for information on a technical problem or on alternative applications for one of its products. We also found that BMIS has been used to obtain information regarding policy-maker positions on a program, including biographical information about particular officials. Information on policy-maker positions is used in setting DESA priorities and in marketing DESA projects and capabilities.

The use of a contracted research service such as BMIS to glean information on policy-maker positions, particularly biographical data, is a questionable use of public funds. The biographical information is readily available by simply calling the incumbent's staff.

**Management
Comments**

The Executive Director, DESA, stated that DESA has tightened controls over IAS (formerly BMIS) requests. He also stated that DESA is using more cost-effective means to obtain biographical information. Further, DESA's Government attorney reviews all IAS products for compliance with applicable laws and procedures.

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PART IV - MANAGEMENT COMMENTS

DEFENSE EVALUATION SUPPORT ACTIVITY COMMENTS



DEPARTMENT OF DEFENSE
DEFENSE EVALUATION SUPPORT ACTIVITY
5201 LEESBURG PIKE, SUITE 503, FALLS CHURCH, VA 22041-3203

MEMORANDUM FOR THE DoD INSPECTOR GENERAL

THROUGH: DIRECTOR, TEST, SYSTEMS ENGINEERING AND EVALUATION *[Signature]* 4/24/96

SUBJECT: Evaluation Report on the Administration of the Defense Evaluation Support Activity

It gives me a great deal of satisfaction to see potential closure on the 1994 inspection of our organization. In short, we concur with the findings and recommendations in the report. Specific comments on the seven recommendations follow.

Recommendation 1: *We recommend that the Executive Director, Defense Evaluation Support Activity, prepare and submit to the Director, Test, Systems Engineering and Evaluation, a revised charter for the Defense Evaluation Support Activity.*

Concur. A request to establish DESA by DoD Directive is currently in the OSD coordination process. After approval, we will request that the charter be codified into a DoD Directive, designating DESA as a DoD Field Activity or equivalent status.

Recommendation 2: *We recommend that the Executive Director, Defense Evaluation Support Activity:*

a. Document the basis for the current assignment of missions, functions, and staff to the various Defense Evaluation Support Activity components, including the expected workload and skill requirements.

b. Develop an organizational process that routinely updates that data as changes occur and periodically solicits independent validation through manpower and position classification reviews.

Concur. DESA currently is working on a "model" for estimating manpower requirements, including skill mix, based on projected workload. We will develop a baseline of manpower requirements as of 30 Sep 96, and a projected requirement for FY01. We currently review vacancies, both military and civilian, as they occur. We will formalize and document this review as part of the Resource Management Council (RMC).

The DESA Organization and Functions Chart Book provides the basis for current assignment of mission, function and staff within the organization. Additionally, the DESA 2001 Plan will outline proposals for the balanced utilization of civilian and military positions, and will include skill requirements.

DEFENSE EVALUATION SUPPORT ACTIVITY COMMENTS (Cont'd)

Manpower reviews are currently occurring on a near-continuous basis in order to maximize the use of remaining civilian slots as DESA's implements mandated downsizing of civilian positions. A classification review of all civilian positions was completed in February 1995, and a classification survey of all civilian positions is underway, expected to be completed by May 1996. The DESA Resource Management Council (RMC), comprised of the DESA Directors, serves as the centralized review body for resource utilization and allocation requirements within the organization. DESA will request SAF/AA to provide bi-annual independent manpower reviews to validate RMC actions.

Recommendation 3: *We recommend that the Executive Director, Defense Evaluation Support Activity:*

a. *Limit the provision of legal services by contractors or subcontractors to tasks that can be supervised by a qualified Government attorney and cease permitting a non-Government attorney to substitute for the Defense Evaluation Support Activity General Counsel.*

b. *Initiate the necessary steps to make the General counsel position part of the Defense Legal Services Agency.*

Subpart A: **Concur.** DESA has long since ceased contracting for General Counsel services, and is pursuing an arrangement to allow an attorney assigned to the Kirtland Air Force Base Legal Office to assist the General Counsel on an as-needed basis. DESA has eliminated the language from subtasks calling for the provision of legal services by any contractor. Additionally, it is current DESA policy that no one substitutes for the DESA General Counsel in his absence.

Subpart B: **Concur.** DESA is not currently one of the DoD Components as defined within DODD 5145.4. When DESA is chartered as a DoD Field Activity or equivalent, we will implement DODD 5145.4 with respect to the DESA General Counsel position.

Recommendation 4: *We recommend that the Executive Director, Defense Evaluation Support Activity, develop management controls that will ensure that all personnel who participate in contract management functions, including subtask officers not assigned to the Defense Evaluation Support Activity, have a Standard Form 450 on file with the Defense Evaluation Support Activity.*

Concur in principle. DESA has a program in place to ensure all affected individuals within DESA file an SF 450 annually. DESA is not responsible for the filing of SF 450s by members assigned to other organizations. Paragraph 7-300 of the Joint Ethics Regulation states both who is required to file a form and also the routing of it. The pertinent part of this paragraph states: unless expressly exempted, the following individuals are in covered positions and are required by 5 C.F.R. 2634 (reference (a)) in subsection 7-100 of this Regulation, above, to file initial and annual SF 450, through their supervisor to their Ethics Counselor as set out in subsection 7-305 of this Regulation. In addition, paragraph 7-307 requires SF 450s to be retained in a central location "within the agency, command, or activity to which the reporting individual was assigned at the time of the filing. These paragraphs clearly indicate that DESA is not responsible for the filing or retaining of SF 450s by

DEFENSE EVALUATION SUPPORT ACTIVITY COMMENTS (Cont'd)

individuals not assigned to the organization. Moreover, DESA believes subtask officers, whether assigned to DESA or another organization, may be exempted from filing by paragraph 7-300(b) which allows individuals or categories of individuals to be excluded from the filing requirements if it is determined the likelihood of impairment to the integrity of the government is remote or because there is adequate supervision and review of the employees work. DESA has exempted most of its subtask officers using this rationale and believes it is equally applicable to those not assigned to DESA. If the DoD General Counsel indicates that the intent was to apply the JER to all using any HCA's authority, DESA will cheerfully comply.

Recommendation 5: *We recommend that the Executive Director, Defense Evaluation Support Activity:*

- a. Provide specific guidelines to senior staff regarding the type and amount of training that are consistent with the Defense Evaluation Support Activity mission and on the factors that will justify travel for training when a local alternative may be available.*
- b. Establish management controls to ensure guidelines are followed.*

Concur. DESA is committed to sound investment in training and education. We will reaffirm the guidelines for effective training and strengthen oversight of our training funds. To serve its customers, DESA must maintain a robust training program to keep abreast of changing technologies and continue development of a work force that is adaptable to future demands. DESA has revised the structure of its training program to make the Directors responsible for approval of all training (type and location) of their individual staffs. The DESA training officer and the Executive Director will randomly spot check and review all training requirements. This will be verified by the DESA training office. Any issues will be resolved by the Executive Director. These management controls are now in place to ensure the guidelines are followed.

Recommendation 6: *We recommend that the Executive Director, Defense Evaluation Support Activity, complete the requirements review described in its draft communications resource plan and take appropriate action to dispose of excess equipment identified through that review.*

Concur. The requirements review has been completed. Purchase order amendments are being prepared to adjust the number of units in service. Excess items have been identified and turned in for disposal action. This action will be completed by 1 May 96.


Recommendation 7: *We recommend that the Executive Director, Defense Evaluation Support activity, relocate the Headquarters office to smaller, more economical office space that is consistent with the reduced Headquarters staff.*

Concur. Relocation of the DESA Washington office is expected to be completed by 1 October 1996. Consistent with the changing role of the DESA Headquarters, we are currently pursuing smaller, less expensive space, and expect to relocate by 1 Oct 96.

DEFENSE EVALUATION SUPPORT ACTIVITY COMMENTS (Cont'd)

In response to the additional issue raised by the report, DESA has tightened the government controls over IAS [formerly BMIS] requests. We are using more cost-effective means to obtain biographical information and DESA's government attorney reviews all IAS products for compliance with applicable laws and procedures.

I hope this clears up all concerns on the 1994 report. Additionally, request that at least the Executive Summary be forwarded to those organizations who were sent a copy of the original 1994 report.



John A. Wiles
Executive Director

PART V - APPENDIXES

APPENDIX A. SUMMARY OF PRIOR REPORTS

Office of the Under Secretary of Defense for Acquisition Procurement Management Review (PMR) of the Defense Evaluation Support Activity, January 19, 1993. This review was on-site at the DESA Contract Center.

The PMR team noted improvements in Government-furnished property accountability, the efficiency of the automated small purchase system, and the management of contract closeouts.

The PMR team identified deficiencies in the DESA mission and organization, policies and procedures, acquisition planning, contract solicitation and selection procedures, pricing, postaward functions, and management of the contracting function.

During our review, we found that DESA has improved and corrected several contract management areas since the PMR. The improvements made in acquisition planning, reporting of contract and small purchase actions, and automation and workload management are particularly noteworthy.

Office of the Inspector General, DoD, Audit Report No. 91-095, "Survey of Contracting Operations at the Defense Evaluation Support Activity," June 14, 1991. The survey's objective was to determine whether DESA was effectively managing its contracting operations. The survey evaluated acquisition planning, the solicitation process, contract evaluation and award, contract administration, and internal controls applicable to contracting procedures and operations.

The survey found DESA had not adequately controlled and accounted for Government property furnished to contractors, closed completed contracts within the time frames established by the Federal Acquisition Regulation, and implemented an internal control program required by the Federal Managers' Financial Integrity Act.

APPENDIX B. ACTIVITIES VISITED

Director, Test, Systems, Engineering and Evaluation,
Office of the Under Secretary of Defense for Acquisition
and Technology, Arlington, VA

Air Force District of Washington, Central Civilian
Personnel Office, Bolling Air Force Base, Washington, DC

Headquarters, Defense Evaluation Support Activity, Falls
Church, VA

Defense Evaluation Support Activity Field Operating
Activity, Kirtland Air Force Base, NM

Headquarters, 377th Air Base Wing, Kirtland Air Force
Base NM

Chief Personnel Division, Secretary of the Air Force,
Administrative Assistant, Personnel, Arlington, VA

Air Force Operational, Test and Evaluation Center,
Kirtland Air Force Base, NM

Army Operational Test and Evaluation Command,
Alexandria, VA

APPENDIX C. REPORT DISTRIBUTION

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller)
Under Secretary of Defense for Acquisition and Technology
 Director, Test, Systems Engineering and Evaluation
 Director, Defense Evaluation Support Activity
 Director, Defense Logistics Studies Information Exchange
General Counsel, DoD
Assistant Secretary of Defense (Command, Control, Communications and Intelligence)
Assistant to the Secretary of Defense (Intelligence Oversight)
Director, National Security Agency

Department of the Air Force

Secretary of the Air Force
 Office of the Administrative Assistant to the Secretary of the Air Force
 Inspector General, Department of the Air Force
 Auditor General, Department of the Air Force

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
Technical Information Center, National Security and International Affairs Division,
 General Accounting Office
Chairman and ranking minority member of each of the following congressional committees and subcommittees:
 Senate Committee on Appropriations
 Senate Subcommittee on Defense, Committee on Appropriations
 Senate Committee on Armed Services
 Senate Committee on Governmental Affairs
 House Committee on Appropriations
 House Subcommittee on National Security, Committee on Appropriations
 House Committee on Government Reform and Oversight
 House Subcommittee on National Security, International Affairs, and Criminal Justice, Committee on Government Reform and Oversight
 House Committee on National Security

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INTERNET DOCUMENT INFORMATION FORM

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Evaluation Support Activity

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Inspector General, Department of Defense
400 Army Navy Drive (Room 801)
Arlington, VA 22202-2884

D. Currently Applicable Classification Level: Unclassified

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